

# Foreign Account Tax Compliance Act ("FATCA") Statement and Common Reporting Standards ("CRS") Statement

## FATCA Statement

*(Extracted and edited from Foreign Account Tax Compliance Act ("FATCA") Fact Sheet by the Hong Kong Association of Banks ("HKAB"))*

Foreign Account Tax Compliance Act ("FATCA") is a United States ("US") legislation that primarily aims to prevent tax evasion by US taxpayers by using non-US financial institutions and offshore investment instruments.

FATCA impacts financial institutions and is implemented under a phased timeline commencing from 1st July 2014.

### Which customers are affected by FATCA?

FATCA will mostly affect customers who are treated as US Persons for US tax purposes and customers who have been identified as having links to the US, such as with US nationality, place of birth in US, a US mailing address or a US telephone number.

### What do Banks have to do to comply with FATCA?

FATCA requires Banks to identify accounts held directly or indirectly by US Persons and to report the relevant account information to the US Internal Revenue Services (the "IRS"). In order to ascertain customers' US or non-US tax status, FATCA requires Banks to collect additional information or documentation from customers. Where customers fail to provide the requested information or documentation, Banks are required to apply a 30% US withholding tax on certain types of US source income paid to such customers.

### What information may Banks report to IRS?

Information to be reported to the IRS directly or through the local competent authority for individual customers include:

- Account holder's name, address, and U.S. Taxpayer Identification Number ("TIN");

- Financial account number(s);
- Account Balance or value of the account(s); and
- Payments made with respect to the account(s) during the year, e.g. interest and dividend, gross proceeds from the sale or redemption of property.

## **What is the consequence if customers do not provide the requested information or documentation to the Banks?**

Subject to applicable local laws, Banks would be required to report such account information on a pooled basis to the IRS directly or through the local competent authority. Banks would be required to apply a 30% US withholding tax on certain types of US source income paid to such customers. Banks may decline account opening applications or terminate services to such customers.

## **What types of information or documentation that the Banks may request from customers?**

Banks may request customers to provide US tax forms (W-8/W-9 Forms) or a self-certification form to support the customers' claim of their non-US or US tax status.

Where applicable, banks may also request customers provide a consent form that enables the Banks to report relevant account information to the IRS.

## **Disclaimer**

This document is intended solely for the customers of Welab Bank Limited to whom it is provided and not for any other person. It is a summary for information purposes only and general in nature. It should not be considered as tax or legal advice.

Welab Bank Limited makes no guarantee of its accuracy and completeness and is not responsible for any errors, nor shall Welab Bank Limited be liable for any loss that results from reliance upon this information based on FATCA legislation as at 22 August 2014.

You are advised to refer to the US IRS website (<http://www.irs.gov/>) for details in respect of FATCA. You are fully responsible for confirmation of your FATCA status and submission of relevant documentation.

Welab Bank Limited is unable to offer any tax and legal advice. For related questions, please contact your professional tax and legal advisors.

# CRS statement

*(Extracted and edited from Automatic Exchange of Financial Account Information ("AEI") Fact Sheet by the Hong Kong Association of Banks ("HKAB"))*

Automatic exchange of financial account information ("AEI")/ Common Reporting Standard ("CRS") is an international standard established by the Organisation for Economic Cooperation and Development ("OECD") in July 2014 to enhance tax transparency and combat cross-border tax evasion.

Under the CRS, Welab Bank Limited (the "Bank"/ "we"/ "our"/ "us") is required to determine where you are "tax resident" (this will usually be where you are liable to pay income or corporate taxes). We will base this on information we have already or we may ask you for additional details.

If you are tax resident outside the country/jurisdiction where you bank then we may be required to provide details, including information relating to your accounts, to the national tax authority in the country/jurisdiction where the account is held. They may then share that information with the tax authority of the country/jurisdiction (or countries/jurisdictions) where you are tax resident.

Such information includes account data (such as name, address, date of birth (for individuals), jurisdiction of residence and taxpayer identification number ("TIN") of the account holder); and financial data (such as account number, interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account).

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You are advised to refer to the IRD website and OECD's AEI portal for details in respect of AEI/CRS. You are fully responsible for confirmation of your tax residency and submission of relevant documentation.

Welab Bank Limited is unable to offer any tax and legal advice. For related questions, please contact your professional tax and legal advisors.

You acknowledge and agree that (i) certain information is collected and may be kept by us for the purpose of automatic exchange of financial account information, and (ii) such information and information regarding the account holder and any reportable account(s) may be reported by the financial institution to the Inland Revenue Department of the Government of the Hong Kong Special Administrative Region and exchanged with the tax authorities of another jurisdiction or jurisdictions in which the account holder may be resident for tax purposes, pursuant to the legal provisions for exchange of financial account information provided under the Inland Revenue Ordinance (Cap.112). You undertake to advise us of any change in circumstances which affects the tax residency status of the individual or causes the information contained herein to become incorrect within 30 days of such change in circumstances.

In case of any discrepancy between the English and the Chinese versions, the English version shall prevail.

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